

854737.0005 (TARB-101.1)

PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:

Brian C. Tarbox et al.

Serial No.: 10/073,632

Filed: February 11, 2002

For: SYSTEMS AND METHODS FOR
IMPROVING INVESTMENT
PERFORMANCE

Examiner:

Group Art Unit: 2164

Confirmation No.: 6664

Mail Stop: Petitions
Commissioner for Patents
P. O. Box 1450
Alexandria, VA 22313-1450PETITION TO MAKE SPECIAL UNDER 37 C.F.R. § 1.102(d)

Sir:

Applicants hereby petition to make this new application, which has not received any examination by an Examiner, special pursuant to M.P.E.P. §708.02, VIII. All the claims in this case are directed to a single invention. If it is determined that all the claims presented herein are not directed to a single invention, then the applicants will make an election without traverse as a prerequisite to the grant of special status.

Searches have been made in the following areas: class 705 (data processing: financial, business practice, management, or cost/price determination), subclasses 36 (portfolio selection, planning or analysis), 37 (trading, matching, or bidding), 38 (credit (risk) processing or loan processing, e.g., mortgage), 39 (including funds transfer or credit transaction), 35 (finance, e.g., banking, investment or credit), 4 (insurance, e.g., computer

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implemented system or method for writing insurance policy, processing insurance claim, etc.) and 10 (market analysis, demand forecasting or surveying).

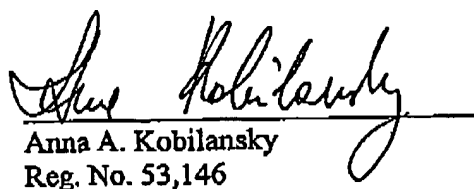
Submitted herewith is a transmittal of an Information Disclosure Statement and Form PTO-1449 citing relevant references. A detailed discussion of the references deemed most relevant is set forth in Attachment A hereto. Inclusion of a reference in Attachment A, the Information Disclosure Statement or the Form PTO-1449 does not constitute an admission on the part of the applicants as to whether the reference is prior art for purposes of assessing patentability under 35 U.S.C. § 102 and 35 U.S.C. § 103.

The fee required by 37 C.F.R. 1.17(h) is to be paid by the attached check for \$130.00. Any additional charges associated with the submission of this Petition may be charged to Deposit Account No. 11-0231.

Date: July 15, 2003

CUMMINGS & LOCKWOOD
Four Stamford Plaza
107 Elm Street
P.O. Box 120
Stamford, CT 06904-0120
(203) 351-4192
.StuLib1:1017076.1

Respectfully submitted,


Anna A. Kobilansky
Reg. No. 53,146

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ATTACHMENT A
TO PETITION TO MAKE SPECIAL

The following is a detailed discussion of the references believed most closely related to the subject matter encompassed by the claims and how the claimed subject matter is distinguishable over the references. Inclusion of a reference in this attachment does not constitute an admission on the part of the applicants as to whether the reference is prior art for the purposes of assessing patentability under 35 U.S.C. § 102 and/or 35 U.S.C. § 103.

1. Discussion of the References

1) U.S. Patent No. 6,154,732 to Tarbox ("the '732 patent") describes an investment program that includes systems and methods for collecting, monitoring and directing data from Benefit Plan participants, sponsors and managers, so that professional investment advice is provided to Benefit Plan participants without the economic conflicts of interest inherent in traditional Benefit Plan programs. As disclosed in the '732 patent, the traditional conflicts of interest are eliminated by separating the entity that provides the investment advice from the entity that performs investment management. According to the '732 patent, this goal is accomplished by ensuring that the investment advisor receives fees totally independent from the fees charged for investment management. Furthermore, the investment advisor is totally independent from and unrelated to the investment manager. On the other hand, the investment manager is unaware of the individual participants' contributions, but rather sees only the aggregate investments of a Benefit Plan sponsor.

In particular, the systems and methods described in the '732 patent provide individual plan participants with advice as to how they should allocate the assets in their individual accounts. The advice is specifically tailored to the individual participant's risk tolerances and retirement funding needs, so that the individual participants will be more likely to retain the recommended investment during the inevitable downturns in the market. In accordance with the disclosure of the '732 patent, the advice is provided by an investment

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or asset allocation advisor directly to Benefit Plan participants. Based on this advice, the participants may decide to invest in one or more different Trusts, e.g., most conservative, conservative, aggressive or most aggressive.

2) **U.S. Patent Application Publication No. 2002/0103733 to Barrington et al.** ("Barrington") describes a process, system and financial planning engine for determining at least one financial indicator, e.g., a user's asset allocation requirements or savings information, for use in achieving a certain financial goal. In particular, financial information and information related to investment decline tolerance and the tolerance to failure to meet a certain goal are first obtained from a user. The desired financial indicator is then determined as a function of the information provided by the user. Such financial indicators may include asset allocations, proper return assumptions and appropriate annual savings needed to achieve the investor's goals. The financial indicators are generated by a processing device upon receipt and/or retrieval of the user-entered data and may be transmitted to the user via a communications network.

3) **U.S. Patent No. 6,018,722 to Ray et al.** ("Ray") describes an automated computer-implemented investment management system, which operates as a Registered Investment Advisor. The system automatically determines specific customer objectives and designs individualized investment portfolios for economic environment. Each customer's portfolio is designed in a separate and distinct fashion in contrast to pooled funds, such as mutual funds. The system described in Ray also researches and selects specific securities, allocates assets, evaluates and determines the proper time to buy and sell securities, generates orders to buy and sell, and updates customer account information and provides tax and performance reports. All analysis is performed without human interaction.

4) **U.S. Patent Application Publication No. 2002/0152151 to Baughman et al.** ("Baughman") describes a system and method that integrates various steps involved in creating and managing one or more investment portfolios including multiple disparate

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financial assets. The system and method allow a user "to navigate from need, to insight, to investing and transacting in a logical and straightforward manner." The integrated portfolio management system is computerized and comprises several integrated software tools: investor profile tool, asset allocation tool, portfolio construction tool, and portfolio monitoring tool. Thus, the system and method generate a profile for each user, by determining the user's personal attributes, such as risk tolerance, time horizon, and life stage. Based upon that data, the system is configured to determine that user's optimal asset allocation or to create a self-directed portfolio.

2. The Claims Are Patentable Over the References

For at least the following reasons, the claimed subject matter is believed neither disclosed nor suggested in the references discussed herein. The subject application is directed to systems and methods for enabling investors to delegate the allocation of their investment assets, the determination of how much to save, and/or the determination of how to receive disbursements from investments and/or to receiving advice related thereto, in a manner that is free from or ameliorates the traditional conflicts of interest. In particular, the systems and methods of the subject disclosure automatically determine the appropriate savings levels and/or automatically allocate, re-balance and/or re-allocate investment assets for individuals, while eliminating, or at least ameliorating the conflict of interest that would otherwise exist between a provider of automatic allocation services and persons that would usually benefit from such automatic services (e.g., money managers, registered investment advisors, etc.).

Independent claims 1, 2, 13, 16, 28, 41 and 50 are directed to systems for providing automatic asset allocation services. Independent claims 1, 16 and 28 require a data processing system for providing asset allocation and offering professional asset management so that the traditional conflicts of interest are reduced or eliminated.

Independent claims 2 and 41 further require a data storage for storing data from at least one source for a plurality of entities, an asset allocation model for automatically determining varying proportions of at least one investment vehicle, designed or approved by

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an Independent Person such as an Independent Expert, and means for processing the data relative to at least one entity such that the optimum asset allocation is automatically calculated and implemented. Independent claims 13 and 50 further require a data storage for storing data from at least one entity; means for processing the data from each entity such that a savings program as well as an asset allocation model consisting of at least one asset class may be established; and a means for allocating assets into a combination of at least one asset class as appropriate for each entity.

Independent claims 14, 15, 55 and 57 are directed to computer implemented methods for providing asset allocation and/or savings services or programs to individuals. Independent claims 14 and 55 require that the services are provided automatically and include the steps of providing data storage for storing data from at least one source for at least one individual; developing an asset allocation model designed or approved by an Independent Person such as an Independent Expert; applying the data to the asset allocation model; and automatically determining an appropriate investment vehicle for the individual. Independent claims 15 and 57 further require that the programs are provided independently for investing in at least one asset class or at least one combination of at least two asset classes.

1) The '732 patent neither discloses nor suggests all elements of the claims of the subject application. For example, it does not teach or suggest an investment program that allows automatic determination of the appropriate savings levels, allocation, re-balancing or reallocation of assets while reducing or eliminating the traditional conflicts of interest. Such systems allow the individual Benefit Plan participants to turn over their investment allocation, savings and disbursement decisions to an independent expert. Instead, the '732 patent teaches systems for providing independent investment advice concerning the allocation of assets to individual Benefit Plan participants who choose to manage their own accounts. The plan participants then may or may not allocate assets as advised. Further, the disclosure of the '732 patent contains no suggestion or motivation to a person of ordinary skill in the art to modify the disclosure of the '732 patent to arrive at the systems and methods

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as claimed in the present application. The disclosure of the subject application provides advantages over the disclosure of the '732 patent, for example, in that it would allow to minimize the input of time and effort by the Benefit Plan participants while still reducing or eliminating the traditional conflicts of interest.

2) Barrington neither discloses nor suggests all elements of the claims of the subject application. For example, Barrington does not teach or suggest an investment program that allows automatic determination of the appropriate savings levels, allocation, re-balancing or reallocation of assets while reducing or eliminating the traditional conflicts of interest. In contrast, Barrington is directed to a process, system and financial planning engine for determining a desired financial indicator based on the input provided by the user. Further, Barrington does not teach or suggest how traditional conflicts of interest could be reduced or eliminated. In fact, the reference does not mention this problem. Moreover, Barrington does not teach or suggest automatic management as provided in the present disclosure. Thus, the disclosure of Barrington contains no suggestion or motivation to a person of ordinary skill in the art to modify its disclosure in order to arrive at the systems and methods as claimed in the present application.

3) Ray neither discloses nor suggests all elements of the claims of the subject application. For example, Ray does not teach or suggest an investment program that allows automatic determination of the appropriate savings levels, allocation, re-balancing or reallocation of assets while reducing or eliminating the traditional conflicts of interest. Ray describes an automated computer-implemented investment management system for individually designed customer accounts. While Ray refers to an independent source to determine the economic environment, it does not otherwise address the problem of traditional conflicts of interests and does not teach or suggest a way of solving the problem, in contrast to the subject disclosure. Further, the disclosure of Ray is aimed at creating and managing individual portfolios and not pooled assets. In fact, Ray states, e.g., at col. 1, lines 59-60, that "there are no pooled funds as with mutual funds," teaching away from the subject

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application. Thus, the disclosure of Ray contains no suggestion or motivation to a person of ordinary skill in the art to modify its disclosure in order to arrive at the systems and methods as claimed in the present application.

4) Baughman neither discloses nor suggests all elements of the claims of the subject application. For example, Baughman does not teach or suggest an investment program that allows automatic determination of the appropriate savings levels, allocation, re-balancing or reallocation of assets while reducing or eliminating the traditional conflicts of interest. Baughman is directed to systems and methods that facilitate navigation of an asset allocation system or creation of a self-directed portfolio. The systems and methods of Baughman are monitored and managed by the user, in contrast to the subject disclosure that provides for ongoing asset management. Further, the disclosure of Baughman does not mention the problem of traditional conflicts of interest, which would not be present in the context of its disclosure. Thus, the disclosure of Baughman contains no suggestion or motivation to a person of ordinary skill in the art to modify its disclosure in order to arrive at the systems and methods as claimed in the present application.

3. Conclusion

None of the references discussed above disclose or suggest all elements of the claims of the subject application. In addition, none of the references provide direction or motivation to a person of ordinary skill in the art to combine or modify any of these references in order to arrive at the Applicants' invention. In view of the foregoing, it is believed that all of the pending claims are patentable over the references described above, alone or in combination.

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CUMMINGS & LOCKWOOD LLC
EXPENSE / DISBURSEMENT ACCOUNT

FLEET
01672 ONE ATLANTIC ST. OFFICE
STAMFORD, CONNECTICUT 06901
51-57-119

138373

THE SUM ***130 DOLLARS AND 00 CENTS

DATE
07/14/2003

AMOUNT
\$130.00

PAY TO THE ORDER OF
Commissioner of Patents and
Trademarks

2 MANUAL SIG. S REQ. CHECKS OVER \$10,000.00
1 MANUAL SIG. OVER \$1000.00

Petition to Make Special Fee

S/N 10/073,632

Docket: 854737.0005 (TARB 101-1)

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